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ABSTRACT

Families undergo difficulties in trying to negotiate the labyrinth of early childhood services offered in Illinois. Because of the multiplicity of programs and scarce funding, many children and families do not receive the services they need. Coordination among programs and services is also limited. This paper offers background on how the foundations of Illinois' current system were laid, where Illinois is in the process of improving the coordination of services, and how a structure of services can be achieved which efficiently and equitably cares for and educates Illinois' youngest citizens. The following sections are included: (1) Background, including information on the 1989 Child Care Summit, along with the infusion of funds; (2) Current Status, including details on the mega-computer concept, Child Care Resource and Referral (CCR&R), and how to link care with education; (3) National Trends and Models, describing Illinois as a national leader in establishing a statewide system which links parents and providers; (4) Policy Implications; and (5) Alternatives for Action, includes a discussion of nine policy implications and future considerations. Appendices contain details of 30 early education funding streams, including Department of Child and Family Services (DCFS) employment-related child care, Illinois Department of Public Aid (IDPA) programs, Illinois State Board of Education (ISBE) programs, federal programs, and public/private programs. (BGC)

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THE WORK GROUP ON EARLY CHILDHOOD

BRIEFING PAPER SIX

FUNDING STREAMS

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INTRODUCTION

There is a plethora of empirical child developmental data which inform us of the unparalleled importance of the first five years of a child's life. Young children develop and learn at a very rapid pace, in every environment they encounter. That many young children are developing in environments outside their homes during such a critical period requires that state leaders, such as those comprising this Work Group, greatly fortify the state's system of early childhood services. In recent years, the increase in the number of families in which all adults are working has left fifty-five percent of children ages zero to six without parent and/or school supervision for at least some part of the day. At stake in Illinois is what children experience from day to day while their parents are not able to care for them personally.

We know what all children and families, especially those with low incomes, need. As the Head Start program has undeniably shown us, comprehensive family-centered services, including developmentally appropriate care and education, health and nutrition services, and parental involvement, can dramatically increase a child's chances for success in school and life. Yet programs offering these components that are affordable to low- or even moderate-income families are in short supply relative to the need.

We must use the building blocks we have to construct the warmest shelter possible for children and families, especially those at risk. This can only be done if the funding, or "mortar," is available where it is needed. This paper offers background on how the foundations of Illinois' current system were laid, where we are in the construction process, how existing "mortar" can be used more efficiently, and why more "mortar" will be needed to achieve a structure of services which efficiently and equitably cares for and educates Illinois' youngest citizens. Being fully committed to fostering the development of this system

is synonymous with being fully committed to fostering the development of Illinois' young children.

PROBLEM STATEMENT

Paper Four, in this series of Work Group background papers, *Coordinated Service Delivery*, discusses the need for fully coordinated services for all families with young children zero to eight. One fundamental impediment to reaching that goal is the difficulty of managing and coordinating the wide array of state and federal funding streams. Nearly \$350 million is spent on early childhood programs in Illinois, coming from more than twenty-five different funding streams. These programs serve a variety of purposes, though many of the programs overlap to a larger or smaller degree. For example, there are several different child care programs which serve low income families to enable the parents to work or participate in training, while Head Start and state Prekindergarten (Pre-K) programs both offer preschool services to "at-risk" children.

Despite this multiplicity of programs, or perhaps because of it, and because of a lack of funding, a large percentage of children and families in need of services do not receive them, and coordination among programs and services for young children is very limited. Families encounter enormous difficulties negotiating the "labyrinth" of early childhood services offered through public dollars in Illinois. While some paths toward consistent, appropriate family services have been cleared in the last several years, new diverting walls and impasses have been erected for the increasing number of families needing these services. We face a great to supplement and coordinate the funds now in place so that Illinois' young children will be able to enter a haven of quality care and education instead of a maze of disjointed programs.

BACKGROUND

The 1989 Child Care Summit

In 1989, administrators of subsidized child care and education programs from the Illinois Department of Public Aid (IDPA), the Illinois Department of Children and Family Services (DCFS), and the Illinois State Board of Education (ISBE), representatives of Governor James Thompson's office, and child advocates held a "Child Care Summit" to discuss how the public programs and funds for very young children might be better managed.

The resultant vision was a family- and provider-friendly system through which a family could access and move among all the child care and early childhood education programs for which it was eligible. One early outgrowth of the Summit was the equalizing of provider payment rates paid by both IDPA and DCFS for all child care programs, which allowed families to move from a program of one department to that of another without having to change providers because of a change in the fee paid for their children's care.

Part of the vision of the Summit was further realized in the passage of the Child Care Act, adopted by the Illinois General Assembly in the spring of 1989. Among other features, the Act made Illinois a national leader in the creation of a coordinated child care system by creating a statewide network of Child Care Resource and Referral (CCR&R) agencies to provide a "single point of entry" to the Summit-envisioned early childhood care and education system. Through this system, parents would work with phone line counselors at the CCR&R agency(s) in each of sixteen service delivery areas (SDAs). Counselors would determine each parent's eligibility, assist her in finding the child care/education of her choice, and manage the different funding streams, ensuring "seamless" movement among programs. As a result of working with the CCR&R, families would suffer no gaps in child care payments despite depletions of funding streams or changes in eligibility.

The Child Care Summit also envisioned the development of a "mega-computer" system which would manage the unified system and contain all relevant information about families enrolled in or waiting to be enrolled in subsidized child care programs. The "mega-computer" would enable the state to direct the family to the most appropriate program or source of funds, and ensure that all available funds were used efficiently.

The statewide network of CCR&Rs has greatly facilitated Illinois' families ability to locate child care, and a few slow steps have been taken toward the creation of the mega-computer. Nevertheless, the state has not yet realized the Child Care Summit's vision of a unified child care system with a single point of entry and community (CCR&R) management of the various early childhood funding streams.

An Infusion of Funds

Within the last decade a welcomed, but unwieldy, infusion of categorical funding streams has made achievement of a unified system of early childhood services even more complex. These increases in funding have been made at both the federal and state levels, with the state increases driven in large part by the need for matching funds to draw down federal funds. Prior to these increases in federal funding, the majority of subsidized child care was funded by state general revenue funds and funds from the federal "Title XX"¹.

The first of these major increases resulted from the passage of the federal Family Support Act of 1988, which established the Job Opportunities and Basic Skills (JOBS) program, guaranteeing child care for every AFDC parent who participated in an approved work or educational activity. Also guaranteed is one year of "Transitional Child Care" (TCC) for families who leave public aid for employment. Both AFDC-related child care and

¹ Many in the child care field, including providers and advocates, use the term "Title XX" as shorthand for all DCFS-administered employment-related child care because such care was formerly funded through Title XX of the Social Security Act. The Social Services Block Grant (SSBG) now provides these basic federal funds and in Illinois the "Title XX" pot is used to refer to funding from several sources: the CCDBG, Consolidated Day Care, Certified Local Effort, and the Donated Funds Initiative.

TCC are entitlements for which the Illinois Department of Public Aid receives a fifty percent federal match.

Then, in 1990, two unprecedented new federal funding streams were created to subsidize the child care/education expenses of low-income working families regardless of their history in the public aid system. One program is discretionary funds appropriated through the Child Care and Development Block Grant (CCDBG) which is administered by DCFS. The second large stream is the Title IV-A "At-Risk" Child Care "capped" entitlement for families who, if they don't receive child care assistance, will be "at risk" of going on AFDC. IDPA draws down the funds (using the DCFS' Consolidated Child Care line item as the match) and subcontracts the program administration to DCFS.

Because the eligibility criteria are the same, DCFS has successfully coordinated the CCDBG and "At-Risk" funds with its other state and federal employment related child care funds (the federal Social Services Block Grant allocated to Certified Local Effort and the Donated Funds Initiative, and the state Consolidated Day Care line item).

Despite these increases in funding for child care for working poor families, waiting lists of two or more years for subsidies are the norm across the state. The increases in funding have simply not kept pace with the number of working poor families in desperate need of services. There remains an acute need for more child care/education funds in Illinois, especially for the "at-risk" working poor families who earn below seventy-five percent of the state median income. There are currently over 10,000 names on the waiting list for DCFS-administered "working poor" subsidized child care in Cook County alone. The statewide figure has been estimated at 30,000, but this is considered conservative. (These figures include over 150 families per month who have left welfare and exhausted their one-year Transitional Child Care entitlement. Since September, 1993, these families have been denied access to the IV-A "At-Risk" program because Illinois reached its federal cap of

\$13,600,000 matching dollars.) While many streamlining ideas are offered throughout this paper, more funds will also be needed to begin to reach the many children eligible for and seeking, but not receiving early childhood care and education services.

Two other key early childhood programs have also seen large funding increases in recent years: the federal Head Start program and the state-funded Pre-K program. Like the child care programs, these "educational" programs are overloaded; only forty-five percent of eligible Illinois families are able to enroll in Head Start, and many children are on waiting lists for a Pre-K slot.

There are at least thirty state and federal early childhood funding streams in Illinois, administered by DCFS, IDPA, the ISBE, the Department of Mental Health and Developmental Disabilities (DMHDD), the Department of Commerce and Community Affairs (DCCA), and local agencies which are direct delegates of the federal government. Each of these programs has a special mission; included are employment-related child care programs, special education for disabled children, protective service child care, and programs targeted at small specialized populations. Few of these funding streams are blended, and a family that may have need for a variety of types of early childhood services, either for one or multiple children, can be overwhelmed by the complexity of a system bearing so much overlap and disjointedness.

CURRENT STATUS

The "Mega-Computer"

With so many children needing, but not receiving, subsidized child care and education, there is an urgent need to use the available funding streams more efficiently. Such efficiency is impeded by the state's lack of centralized information on clients and slots, and a resultant inability to ensure the most efficient placement of children in subsidies. Through the federal

Child Care and Development Block Grant (CCDBG) funds, "Consolidated Day Care" GRF funds, and Social Services Block Grant funds, DCFS maintains two methods of paying for subsidized child care -- client-based (vouchers) and site-based (contracts), while IDPA-paid child care (AFDC/JOBS-related, Transitional Child Care and "At-Risk") is exclusively a voucher system, and the systems cannot "talk" to each other.

Key to the financial stability of many child care centers in low-income communities is a DCFS contract for a set number of slots in a center. However, these contracted sites lead to two inefficiencies. First, parents eligible for IDPA-subsidized child care can, and should, put their children on waiting lists for high quality center-based care, even if the particular center is fully contracted by DCFS. However, if the IDPA-eligible child (who would clearly also meet DCFS' income eligibility guidelines) is admitted to such a center, the DCFS subsidy will pay for that child's care. Yet, if IDPA were properly subsidizing the care of children in contracted centers, the state would receive a fifty percent match from the federal government. *Thus, for each IDPA-eligible child subsidized by DCFS, the state loses half of a child care slot.*

The second inefficiency occurs because contracted facilities maintain their own waiting lists, and keep information on the state-defined priority status of each child on their list. However, if they have more contracted slots than first- and second-priority children on their waiting list, they may assign a subsidized slot to a third-priority child, while children with a higher priority languish endlessly on DCFS' waiting list for vouchers.

The "mega-computer" would contain information on each child's eligibility for subsidies, preferences for types of care (centers, homes), and the ability to track the care a child is receiving and bill the proper state agency. This conception is key to managing both vouchers and contracts, using child care funding streams efficiently, and meeting the needs of priority populations. However, the state has made little progress toward this goal --

priorities are not assigned properly because intake information on clients is sporadically collected, no method exists for contracted centers to reach priority one and two children unless the parents have found their way onto the center's own list, and neither DCFS nor the centers themselves have any means of billing IDPA for the care of children eligible for IDPA subsidies.

Building Blocks for the Future - The CCR&Rs

Since 1990, CCR&R counselors have assisted hundreds of thousands of Illinois parents in finding affordable early childhood services. Yet, while the CCR&Rs can suggest possible avenues for obtaining subsidized child care, the state, because of delays in the "mega-computer," has not yet transferred to the CCR&Rs the capacity to carry out the vision of the Summit: a "single point of entry" connecting clients to, and helping them move among, the subsidies for which they are eligible. In 1993, new, yet limited, progress toward transferring funding stream management was made through a pilot project in which the Cook County CCR&R (SDA VI) took over the administration of the TCC and IV-A "At-Risk" programs, which had previously been subcontracted by IDPA to DCFS.

To assume these responsibilities, the Cook County CCR&R established a division whose sole function is to enroll parents and providers, issue billing statements, redetermine eligibility, and process bills and payments. This administrative division is separate from the parent services division (where phone line counselors give parents child care referrals). However, counselors in the new administrative division refer TCC and IV-A "At-Risk" program participants to parent services which has led to a dramatic increase in their use of licensed child care providers. The transference of TCC and "At-Risk" administration to the Cook County CCR&R is a significant step in the right direction, yet more steps must be taken as the current structure does not represent a complete realization of the "single point of

entry" envisioned at the Child Care Summit (e.g., CCR&R phone line counselors working with parents are not currently able to have direct access to enrollment or eligibility information, etc.).

During 1995, the remaining 16 CCR&Rs will follow the Cook County CCR&R in taking over the administration of the TCC and "At-Risk" programs. Furthermore, plans are being made to transfer to the CCR&Rs the administration of the rest of IDPA's subsidies. With this continued proximity between IDPA child care program administrators and CCR&R counselors, there exists potential for counselors to have access to a family's status within the IDPA child care system. Establishing this flow of information would allow counselors to more effectively address the child care needs of families in these programs. The result would be a closer approximation to the envisioned "single point of entry." Yet without the inclusion of DCFS child care programs and other state and federal early childhood programs, a complete realization of this vision remains impossible.

Even now, CCR&R counselors are gaining experience in working with specific subsidized families on an ongoing basis. Through Illinois' new Teen Parent Initiative (TPI), IDPA has leveraged funds to prepare and support CCR&R counselors so they may work more intensively with TPI participants. The TPI mandates all AFDC teen parents eighteen and under to complete a secondary education. The case management for the approximately 7,000 teens who will participate in the program has been subcontracted, for the most part, to community agencies throughout the state. However, CCR&R counselors will be key players in the success of the TPI. Through the CCR&Rs, TPI participants will receive enhanced child care referral and ongoing support to ensure that child care difficulties do not impede successful participation in the program (counselors will help the teens secure consistent care).

One of the key issues that will be highlighted by the Teen Parent Initiative is that there is simply a not enough quality child care, particularly infant/toddler care. Since their

inception, an important role of the CCR&R has been developing child care resources and improving the quality of existing child care. The CCR&Rs carry out this mission through recruitment of new providers, provider training, and technical assistance to new and expanding child care facilities. These important tasks are carried out through "Quality Set Aside" funds in the Child Care and Development Block Grant, state GRF funds, and, in Cook, DuPage, Lake, McHenry and Kane counties through the privately funded Illinois Family-to-Family initiative. The creative blending of public and private resources by the Child Care Resource & Referral agencies in carrying out the "Resource" portion of their mission can be built upon to continue to improve the supply and quality of child care in Illinois.

Linking Care with Education

Quality improvement is critical because the low-income children served by subsidized child care very often also qualify as "at risk" educationally; there is an urgent need to reach these children with the type of enhanced educational opportunities available through such programs as Head Start and State Pre-K. Therefore, above and beyond the need to coordinate child care funding streams as the CCR&Rs are beginning to do, there is an equally important need to blend the child care programs with these educational programs.

This is, however, a complicated process, because of differing eligibility rules and administrative and reporting requirements. For the most part, only families below the federal poverty line are eligible for Head Start (while the eligibility requirement for child care is an income no greater than seventy-five percent of the state median income). In addition, once a child is enrolled in the Head Start program, no redetermination of income eligibility is necessary, while income eligibility is redetermined semi-annually for families receiving subsidized child care. Furthermore, the typical half-day, academic-year format of Head Start is often not conducive to serving parents who work or want to work. The state

Pre-K program poses other structural obstacles to coordination with child care. Apart from its half-day, academic-year format, the Illinois State Board of Education's definition of "at risk of school failure" is completely independent of a family's income level -- it includes risk factors such as language barriers.

Importantly, these programs are conceived of as early childhood *education* programs for educationally "at-risk" children, as opposed to *child care* programs for low-income families, even though the children in the programs, or waiting to enter them, are in most respects very similar in their need for quality early childhood *care and education*. As a result of these different conceptions, education programs are endowed with the necessary resources to attract highly qualified staff and provide supportive and enriching services. By contrast, the child care programs are generally viewed as not needing the same sort of educational enrichment efforts. (One measure of the difference in status accorded programs dubbed "education," versus programs dubbed "child care," is the amount of money spent per child in the differently- conceived programs. Head Start spends \$6.63 per hour per child, the state Pre-K program spends \$5.06 - 6.08 per hour per child, while the state spends only \$1.74 per hour per child in a child care center.²) Both programs are therefore inconsistent with child care programs because of staff salaries -- Pre-K pays its staff public school teacher's salaries, and Head Start also pays much higher salaries than the typical worker in a child care center, who may be paid little more than minimum wage.

Below is the formula used to calculate the hourly rate of these subsidized early childhood programs:

$$\text{Hourly rate} = \frac{\text{Average annual rate of subsidy per child (4-5-year-olds)}}{\text{Average annual program hours per child (4-5-year-olds)}}$$

Headstart: \$3,711/560 hours = \$6.63 per hour

State Pre-Kindergarten: \$2,430/400 -480 hours = \$5.06 - \$6.08 per hour

Employment/Education-
Related Child Care:

Center 3886/2232 = \$1.74 per hour

Family day care

Homes 2996/2232 = \$1.34 per hour

There are examples of innovative funding stream blending in Illinois. The Chicago Department of Human Services (DHS) is both a federal Head Start delegate and contracted through DCFS funds to provide child care for working poor parents. Through much struggle to meet differing reporting and eligibility requirements, DHS funds full day programs using both of these sources of funds in eight out of DHS's 205 contracted child care sites. The path to this integration has been difficult as waivers and agreements had to be secured on the federal, state, and city levels. Nonetheless, newly created, integrated reporting forms are finally now accepted on all these governmental levels. The result is a seventy-five percent increase in funding available to these sites, which now provide the comprehensive family services customarily associated with Head Start programs. DHS's wrap-arounds are held up by advocates and federal officials as a shining example for other communities to follow.

Another model program in Chicago is that of North Avenue Day Nursery (NADN). The infant/toddler and preschool programs at NADN combine child "care" with child "education" funding streams in both its center-based child care program and its network of satellite day care homes. In the center-based child care program, the base funding is provided by a contract with DCFS. Enhanced educational opportunities for the same children are provided through a contract with the Chicago Board of Education, using state Pre-K funding.

In NADN's network of satellite day care homes, base funding is again provided by a DCFS contract. A group of private foundations provides supplemental funding so the agency can (a) increase capacity by recruiting, screening, and training new home caregivers, and (b) increase quality by providing educational programming and other resources. DCFS and IDPA coordinate resources with the foundations directly, so that the funding streams are brought together on the state level and provided to the local agency as a package.

Community Planning -- The Local Interagency Councils for Special Needs Children

Another systems planning process (which should be linked to the coordinated system of subsidized child care that is taking shape through the CCR&Rs) is being undertaken by the Illinois Interagency Council on Early Intervention Services (IICEIS). IICEIS is advising and assisting the ISBE to develop, implement and evaluate a comprehensive early intervention service system. Local Interagency Councils (LICs), established statewide in 1994, include local service providers, parents of children with disabilities, and local representatives of state agencies and are to serve as local hubs for coordination of services for children zero to three with developmental delays. LICs are charged with developing a "single point of entry" for services such as assistive technology devices, family training and counseling, medical services, special instruction, psychological services and transportation. Also in development is a process for creating a "family plan" for each child/family needing early intervention services. Currently, providers of services are awarded contracts through an RFP process and families must go to those contracted providers to receive services. When the full system is up and running, each child's plan will include a budget for the services associated with it. A family will be able to access the services in the plan from any provider enrolled in the system who will bill a Central Billing Office, where all funds from all agencies that provide early intervention services will be pooled. As a cautionary note when looking at this program for ideas, it needs to be recognized that the program has not fully implemented coordination and shortages of funds still result in long waiting lists for services.

The LIC program is remarkably similar to the vision of the Child Care Summit -- local determination of eligibility for early childhood care and education programs, pooling of the funds for those services, and a single, local point of entry to those services. Subsequently linking this child care and education system to the LIC system would assure special needs children of both early intervention services and care and education services.

NATIONAL TRENDS AND MODELS

Illinois' early creation of a network of CCR&Rs made it a national leader in establishing a statewide system which links parents and providers. Furthermore, DCFS has done a very proficient job of blending its employment-related child care subsidies for the working poor, including the CCDBG, into a single "Title XX" pot. As the administration of Illinois' largest sources of child care subsidies begins to be transferred to the CCR&Rs, creative ways must be explored for centralizing management of these sources so that children and families benefit as much as possible.

One way of conceptualizing central management of multiple funds is as a clearinghouse of decategorized funds. Other states have had some success in realizing this concept. One of the premiere models of such a comprehensive system is the Texas Child Care Management Services System (CCMS), which was awarded a Harvard University/Ford Foundation Innovation in State and Local Government Award. In 1990, substantial new federal funds (CCDBG, TCC, At-Risk) led to a nearly four-fold expansion of available child care funds in less than two years. As a result, the lead agency for the CCDBG funds, the Texas Department of Human Services, determined that it needed to "radically change its management of child care resources." Eight sources of state and federal funding and twenty-two client eligibility categories are now jointly managed through the CCMS, which is based on automated integration of federal and state eligibility criteria, application processes, and funding streams as well as client referrals, eligibility determinations, billing, and reporting. For Texas families, this means a single point of entry into all child care subsidies to pay for the provider of their choice. Families are assigned initially to the most appropriate funding stream for which they are eligible, and when primary funds are depleted are routed to alternative funding streams.

A thorough decategorization of funds allows them to be used where they are most needed. Ohio and Iowa are two states that have found ways to overcome some of the reporting and planning barriers. In Ohio, each county must come up with a plan which blends funds for Head Start, Even Start, public school preschool, preschool special education, school-aged child care, Chapter I, CCDBG, and Title IV-A programs (for AFDC and non-AFDC working poor families), as well as funds from non-subsidized child care programs. The regional CCR&R agencies are charged with organizing meetings that include current recipients of the funds listed above, the local Department of Human Services, the local Family and Children First Council, and parents. The resulting County Unified Service Provider plans then meet all federal planning and reporting requirements and most importantly, meet local service needs.

A similar model has been established in Iowa, though it centralizes child *welfare*, as opposed to child *care*, funds. The Iowa legislature has created a time-limited pilot project for decategorizing of child welfare funds in nine of ninety-nine counties which are handled by Local Governing Boards. The state provides a financial incentive to communities by allowing any savings realized through streamlining to be reinvested locally in community services. The result of this project has been a carry-over of surplus funds at each site and a decrease in institutional placements outside the community due to enhanced community services.

Minnesota has overcome disparate regulations by applying the most restrictive rules to the major federal funding sources. These rules are revisited every two years by the state's Rule Committee. Non-AFDC federal funds (IV-A "At-Risk" and CCDBG), additional state funds, city and suburban taxes when appropriate, and a requisite fifteen percent match to all of these funds from local property taxes comprise the "Child Care Fund" (CCF). The strong support of child care programs by state and local governments has allowed Minnesota to serve three times as many working poor families as would be possible strictly through Title

IV-A "At-Risk" funds. In eighty-three of Minnesota's eighty-seven counties, both the CCF and other IV-A funds for AFDC/JOBS and TCC families are administered by the relevant local social service agencies subcontracted through the Minnesota Department of Human Services. The four largest of these counties are now subcontracting administration of the State Sliding Fee program to private agencies such as local CCR&R agencies. Other innovations in Minnesota's system include the blending of Head Start funds with other child care funds, giving families more choices and allowing their child care subsidy to follow their needs.

Creative approaches to the use of Head Start dollars are also found in Virginia and Washington. The Fairfax County Office, in Virginia together with the local office of Virginia's Office of Children's Child Care Assistance Program (CCAP), serve as the county Head Start grantee. The CCAP combines CCDBG, Child Protective Services, Foster Care, Food Stamp Employment and Training, and the Virginia and Fairfax County Fee Systems. With this pool of funds available, Fairfax County has designed a "Wrap-Around" program in which basic child care costs are covered by the CCAP while Head Start dollars are used to pay for the additional comprehensive social services typical of Head Start programs. This represents a major effort to combine the essential components of both child *care* and *education*.

King and Pierce Counties, in Washington's Puget Sound region, employ a method of combining Head Start and other child care subsidies which is very similar to that of Fairfax County. However, Puget Sound has rejected the "wrap-around," concept, because it implies a distinction between the Head Start and child care "parts of the day." Instead, a fully integrated, full-day program is viewed as a "Child and Family Development Cake." The first layer provides for the health and safety of the enrolled children. This layer, including minimal child care staff salaries and various overhead expenses, is paid for largely out of

child care subsidies (including AFDC and JOBS child care, working poor child care, and child protective services and child welfare services child care).

The second layer of the cake "adds all the necessary ingredients of a quality comprehensive child and family program." This layer is funded entirely out of Head Start dollars and includes enhanced staff salaries, staff planning and training time, home visits, and other supplementary assistance. The goal of top-quality, fully comprehensive full-day services is reached by supplementing the bottom layer of child care funds with Head Start funds as needed, and closely monitoring the program eligibility status of each family so that child care funds can be used whenever possible.

One of the important ingredients Head Start includes in its comprehensive early childhood services is assistance with health and nutrition needs. Even so, recent statistics show that only two-thirds of children in Head Start have Medicaid coverage, although nearly all Head Start children are eligible. In 1989, Medicaid coverage and comprehensive preventive services under Medicaid's Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program were extended to families with income below 133 percent of the poverty line. Similarly, the Supplemental Food Program for Women, Infants and Children (WIC) is undergoing substantial expansion but still only reaches about fifty-five percent of the eligible children age one to four. As a result, millions of young children from low-income working families lack health insurance and are missing out on important benefits available through the Medicaid and WIC programs. In response to this, the Center on Budget and Policy Priorities has developed a national outreach project called "Start Healthy, Stay Healthy." The Center provides outreach materials and strategies as well as training and technical assistance so that early childhood programs can identify children eligible for Medicaid and WIC. Perhaps even more effective, the statewide CCR&R network could also become an excellent vehicle for linking families with basic health and nutrition support if

intake questionnaires were modified to include relevant questions. To implement such a program, Illinois might have to simplify its Medicaid application process, as other states have done as part of the Center's Start Healthy, Stay Healthy initiative.

Some extremely successful models of this outreach campaign include a Head Start center in New Jersey which became a satellite clinic of the local federally funded community health center. This means that children of the enrolled families are provided with the services of an on-site pediatrician who receives full cost Medicaid reimbursement. In North Carolina, all Head Start programs are certified as Medicaid providers so that therapy for children with special needs is reimbursable. Also underway in North Carolina are plans to add health and dental screenings and extend this Medicaid provider status to other child care programs.

POLICY IMPLICATIONS

All of the aforementioned models offer components which should be seriously considered as Illinois makes additional efforts to implement a unified system of early childhood services. Creativity and innovation are the keys to the efficient use of all available funding streams. The need for openness to trying new approaches in administering child care and education funds remains imperative as Illinois attempts to simplify the funding "labyrinth."

ALTERNATIVES FOR ACTION

Continue to Consolidate Administration of Child Care Services

The pilot project which subcontracted administration of Cook County TCC and IV-A "At-Risk" Child Care subsidies to the CCR&R has substantially improved services to both subsidized clients and providers needing payment. As this consolidation continues, involving

all of the CCR&Rs and both IDPA's and DCFS' vouchered child care, the system could begin to approximate the "Central Billing Office" conception found in the Illinois Interagency Council on Early Intervention and LIC system.

Centralize Waiting Lists with Complete Information on Families and their Eligibility

A centralized list of all families waiting for subsidized employment-related child care and education would allow a proper prioritization of families and permit contracted centers to target open slots to high-priority clients. A centralized list would also help to eliminate the "crap-shoot" nature by which one family receives a subsidy, and another doesn't (one family may wait years on the voucher list, while a lucky family who got on the "right" center list at the "right" time might receive services immediately). However, care must be taken to ensure that contracted centers retain a modicum of autonomy, so that they are able to maintain balance in their programs as they see fit -- in terms of types of families (single parent, teen parent, etc.), racial diversity, and so on. In addition, contracted centers need to be able to meet and get to know the children and families they admit, to ensure that parental involvement and other factors that centers deem important to the quality of the program are maintained.

Furthermore, the information in the "mega-computer" must be comprehensive enough so that IDPA-eligible clients are clearly identified. Solving the problem of Illinois losing federal matching funds because DCFS contracts serve IDPA-eligible clients will require, however, an additional step. Either DCFS or contracted centers themselves must have a mechanism for passing through billing to IDPA when an IDPA-eligible client occupies a contracted slot. IDPA could also directly contract slots in communities with a high concentration of low-income, IDPA-eligible residents to help ensure that more IDPA-eligible families receive the high quality care and additional services available in many centers.

Allocate Additional Funds to Early Childhood Care and Education Programs

While current funding levels could be stretched further through administrative streamlining, that alone cannot fully meet the need for early childhood care and education in Illinois. The tens of thousands of children who are eligible for child care, Head Start, and state Pre-K should be given the opportunities that quality early childhood care and education afford their peers who have been lucky enough to access these programs.

Expand the Supply of Quality Child Care

One of the most difficult issues to grapple with regarding child care is the "quality vs. quantity" conundrum. Illinois needs both a larger quantity of care and improved quality. Yet, with limited resources, these two critical needs are often traded off against one another. Low wages for child care workers contribute to lack of quality by deterring many highly qualified people from entering the field. Even though children do better when they have consistent, dependable caregivers, low pay leads to high turnover among child care workers. In addition, child care workers, through their low wages, are essentially subsidizing both the quantity and other aspects of quality in child care. Increasing quality, both through higher wages, increased training, better facilities and so on, urgently needs to occur -- **while still increasing the supply of both subsidized and unsubsidized care.**

Blend Child Care Funds with Early Childhood Education Funds

As has been done in a few Chicago programs, and in some other states, Illinois must develop statewide strategies to link Head Start and Pre-K dollars to child care programs. Since many of the low-income children receiving child care subsidies (and also those that don't) are in need of enhanced early childhood education in order to get them ready to start school, the state must seek (in the case of Head Start) and create (in the case of Pre-K) the ability to overcome barriers caused by differing eligibility, administrative, and reporting requirements, so that children and families with equal needs receive equal services.

Eliminate Inconsistencies in State, Federal and Local Level Operational, Systems and Reporting Mechanisms

Regulation of early childhood settings is a vitally important aspect of quality. However, there are frequent inconsistencies and duplication of operational, systems and reporting mechanisms both among and within programs. For example, Head Start and Child Care require different information to be collected and reported. In addition, regulatory requirements and inspections can be in conflict among different authorities -- federal, state and local regulatory authorities that protect the health and safety of children need to collaborate to assure that none of their authorities have rules which conflict with those of other authorities. *While maintaining strong regulatory control is imperative*, eliminating unnecessary redundancies and conflicting regulations could save the state and providers money, freeing time, energy and funds that might allow for some expansion of the quality and quantity of child care.

Link Child Care and Education to Community Social Services and Social Service Planning

More in-depth linkages between employment-related child care, early childhood education services and other social services, such as health and nutrition, mental health and disability-related services, and economic services, such as housing and job training, would enable Illinois to replicate the success of comprehensive, whole child development and education found in Head Start. Such comprehensiveness is important to all children and critical to economically disadvantaged children.

In addition, many new programs of local planning for community needs are being built in Illinois. These include the Local Interagency Councils for integrating early intervention services for developmentally delayed children and the Child and Adult Local Area Networks (LANs) which are developing integrated services for emotionally disturbed children and

adults. Creating linkages to these planning efforts will help children in early childhood care and education to access the services found in these community planning networks.

Encourage Private Investment in Illinois' Young Children

The state can also encourage private businesses to contribute to the development of Illinois' system of early childhood services. In addition to the direct investments being made by business and foundations in the expansion of child care, the state could implement tax credits or other incentives for businesses to develop and/or support early childhood settings for the children of their employees. Apart from actual brick and mortar programs conveniently located near employers, businesses could support families by allowing some coverage of child care and education costs as part of an employee benefits package.

Future Considerations

Over the next few years, states are likely to see new infusions of federal and state funds that can or must be used for early childhood programs. As welfare reform moves forward, demand for subsidized child care, especially for infants and toddlers, will increase exponentially. While some new federal funding is likely to accompany welfare reform, it is unlikely that it will be sufficient to meet the new needs. Moreover, several recently created funding streams -- Enterprise and Empowerment Zones, the Crime Bill, the Goals 2000 education bill -- may have broad implications for early childhood programs. In crafting a unified system for early childhood, policy-makers must build in flexibility to accommodate and incorporate these and any other new funding streams into the system. In addition, more public-private collaborations, exemplified by the Illinois Family-to-Family Initiative, must be sought out and nurtured.

Many of the ideas described above are novel, at least to Illinois, and some will undoubtedly require a departure from extant regulatory mechanisms. Illinois will have to request the necessary federal waivers (e.g., to make federal subsidy eligibility requirements

consistent), or revise state-level legislation or regulation (e.g., to permit the application of the findings of one audit toward the needs of another), permitting greater interagency cooperation in terms of both the provision of early childhood services and regulating that provision.

In the attached appendices are descriptions of thirty early childhood funding streams that impact care and education services to young children in Illinois. They include both state and federal programs (and some private initiatives) that provide child care services, early childhood education services, services for disabled and other special needs children, child welfare related care and education programs, funding streams that promote parent and provider training, and systems building and planning funds. This list is by no means exhaustive -- other private funding, local and county government funding, and other health and nutrition funding exist and have an impact on early childhood services in Illinois. Creatively linking these funding streams into a statewide coordinated system of early childhood care and education services is imperative as families face unprecedented economic and social challenges. Seated at the drawing table must be all the major stakeholders -- DCFS, IDPA, ISBE, Head Start, IICEI, legislators, local and federal agencies, advocates, representatives of the Governor and others -- as Illinois envisions the future of its youngest citizens. We must efficiently maximize the impact of all applicable funding streams, not to create ease of administration, but to ensure the healthy development of all of Illinois' young children. A solidly built system of early childhood services can no longer be just a "vision." We must make it a reality.

APPENDIX I

DEPARTMENT OF CHILDREN AND FAMILY SERVICES (DCFS)

Funds Comprising DCFS Employment-Related Child Care

Child Care and Development Block Grant

The Child Care and Development Block Grant (CCDBG) provides child care subsidies to low-income families with children under 13 years of age whose parents are working or in training. Some "protective services" child care and foster families who need child care in order to work are also served with CCDBG funds. Eligible providers include center-based child care providers, group child care homes, family day care homes, and other providers of child care that are licensed, regulated or registered under state law and satisfy state and local requirements, including health and safety requirements. Families are to be admitted to the program according to a prioritized waiting list. First priority are families headed by teen parents, families with children with special needs, and families needing protective service child care. Second priority are families at or below 50 percent of the state median income. Third priority are the remainder of families with incomes from 51 percent to 75 percent of the state median income. A sliding parent fee scale is used. Child care direct service funds are distributed through both vouchers and site contracts. Program components are administered by the facilities themselves.

A portion of the CCDBG is used for Quality Enhancement, Resource and Referral, licensing and systems improvement, consistent with the federally mandated quality set-aside.

CCDEG Expenditures

Child care slots (Employment\Training, Protective Service, Foster Care)	\$33,443,800
CCR&R	2,866,100
Training & Technical Assistance & Quality Enhancement	1,885,500
Monitoring/Licensing	267,000
System Development	600,000
Administration	1,000,000
TOTAL	\$40,062,400

Eligibility: Parents must be working or in training and families must be at or below 75% of the state median income OR needing protective service or foster child care.

Funding source: 100% federal (Department of Health & Human Services)

Appropriated to: DCFS

Administrative agency: DCFS

Total 94 Appropriation: \$40,062,400 (\$33,067,159 in FY 1995, \$6,995,241 rolled over from 1994)

Consolidated Day Care

The function of Consolidated Day Care is to allow low-income parents to work or participate in an education or training program. This type of child care involves subsidized child care centers, agencies, and home providers. Child care is provided for families who qualify for services based upon income eligibility standards and are working or in training. To be eligible, families must be at or below 75 percent of the median family income, and the need for care must be due to parent employment and/or training. A sliding fee scale is used. Families are to be admitted to the program according to a prioritized waiting list. First priority are (non-AFDC?) families headed by teen parents, families with children with special needs, and families needing protective service child care. Second priority are families at or below 50 percent of the state median income. Third priority are the remainder of families with incomes from 51 percent to 75 percent of the state median income.

Program components are administered by the facilities themselves. Funds are distributed through both vouchers and site contracts.

Eligibility: Parents must be working or in training and families must be at or below 75% of the state median income adjusted for family size.

Funding source: 100% State General Revenue Funds

Appropriated to: DCFS

Administrative agency: DCFS

FY 95 Appropriation: \$28,300,000

Certified Local Effort

Certified Local Effort Day Care funds are used for families who are employed or in a training program and need day care. There are four contractors under this program in the state of Illinois: the Chicago Department of Human Services is the largest of the four; Southern Illinois University-Edwardsville; Evanston School District 65; and the City of Carbondale. Local governments provide a 25 percent match for these funds; the funds are appropriated by the state from the Social Services Block Grant (SSBG). Program components are administered by the facilities themselves.

Eligibility: Parents must be working or in training and families must be at or below 75% of the state median income adjusted for family size.

Funding source: 75% federal Social Services Block Grant, 25% Local government Match.

Appropriated to: DCFS

Administrative Agency: DCFS

FY 94 Appropriation: \$21.2 million federal (through the state budget) plus 25% or more in local matching funds

Specialized Funds Administered by DCFS*Protective Service Child Care*

The Protective Service Child Care program is designed to: 1) prevent or address child abuse, neglect or exploitation; 2) preserve, rehabilitate or reunite families; 3) provide high risk families with ways to relieve stress; 4) help parents meet their children's developmental needs 5) enable families to stay together.

Families remain eligible for Protective Service Day Care until it is determined that the child is no longer in danger, a permanent placement has been secured, or the case is transferred to a child welfare unit and is no longer considered in protective service. Protective Service Day Care is administered by DCFS regional staff and enables DCFS staff to work with families to resolve their problems without having to remove the children to foster care or other out-of-home care. Caseworkers work with families to find approved licensed or license-exempt child care providers; these providers are generally paid at the standard daily reimbursement rates. (If a license-exempt facility is used, a caseworker visits the facility and the provider is checked against the state's Child Abuse and Neglect Tracking System.) Some children are cared for in specialized DCFS-contracted programs which also offer extensive services to the parents. There is no cost to the family for the protective service child care program.

Eligibility: Open DCFS cases.

Funding source: 100% State General Revenue Funds

Appropriated to: DCFS

Administrative agency: DCFS

FY 95 Appropriation: \$6,360,500 (plus some additional funds from the CCDBG)

Foster Care Child Care

DCFS provides child care for children removed from their families through DCFS' child welfare services. Any foster parent, regardless of income, who needs child care services for their foster child(ren) in order to work receives the a voucher for child care which they may use in any legal licensed or license-exempt child care center or home.

Eligibility: Children in foster care whose foster parents need child care in order to work while serving as a foster parent

Funding source: CCDBG, state GRF, and federal matching funds for any GRF funds used.

Appropriated to: DCFS

Administrative agency: DCFS

FY 95 Appropriation: \$12 Million (Funds are from the foster care line item and the CCDBG. there is no specific Foster Care Day Care budget line)*

*These CCDBG funds are also included in the Appropriation total on the "CCDBG" description on page 1.

Migrant Head Start Project

A seasonal child care program provided to children of migrant workers. A combination of federal and state funds supports this full-day Head Start program from April through November, the Illinois agricultural season. Comprehensive services are provided to the children including health, education, parent involvement, and social service components. Unlike regular Head Start, this program serves infants and toddlers. Families who participate are migrant families who leave their county of residence during the growing season. Most families who participate are from out of state.

Eligibility: Families must be below the federal poverty level.

Funding source: Federal Head Start funds supplemented by State General Revenue Funds contained in the "Consolidated Day Care" line item.

Appropriated to: DCFS

Administrative Agency: DCFS

FY 95 Appropriation: \$4,300,000;\$1,300,000federal Head Start Funds, \$3,000,000*GRF Consolidated day care funds.

*These funds are included in the total appropriation listed for "Consolidated Day Care" on page 2.

Families with a Future

Infant Mortality Reduction Initiative/Infant Day Care

This is a specialized child care program intended to reduce the infant mortality rate in Illinois. The goal of the program is to provide child care to infants under one year who may not survive due to medical conditions, environmental risk or family dysfunctions. Child care is also provided to the infant's siblings when necessary. Clients must be referred through the Department of Public Health "Families with a Future" network agencies. There is no income test for this program.

Eligibility: Families must be referred through the Dept. of Public Health for care of an infant under age 1 medically or otherwise at risk.

Funding source: 100% State General Revenue Funds

Appropriated to: DCFS

Administrative agency: DCFS

FY 95 Appropriation: \$1,125,100

Dependent Care Block Grant

The Dependent Care Block Grant is a federal grant established to expand or improve school-age child care programs and resource and referral services. The funds can be used only for start up, improvement, or expansion and cannot be applied to ongoing operational costs, construction or renovation. Forty percent (40%) of this grant is to be used to establish, expand or improve CCR&R services. DCFS has used the Child Care Resource and Referral portion to provide training to the Child Care Resource and Referral agencies, pay for technical support for Child Care Resource and Referral automated data base of child care providers (CAREFINDER), provide support for DCFS licensing training sessions, and pay for some of the automated systems development. The balance (60 %) must be used to establish, expand or improve school-age child care. These funds have been used to provide start-up grants (maximum \$10,000 each) for school-age programs, develop training events and materials for school-age child care, and support the Statewide School-Age Child Care Network.

Eligibility: NA

Funding source: 100% federal (U.S. Department of Health and Human Services)

Appropriated to: DCFS

Administrative agency: DCFS

FY 95 Appropriation: \$578,615

Temporary Child Care and Crisis Nursery Program

This is a federal program which is a result of the Temporary Child Care for Children with Disabilities and Crisis Nurseries Act of 1986. Many of the children exposed to possible abuse and/or neglect are at risk of out-of-home placement. Families caring for a child with disabilities are at an even higher risk for abuse and/or neglect, especially when family support services are absent from the community. This program responded to the national need for effective temporary care to help preserve and support the family unit and to strengthen the parent-child bond.

The U.S. Department of Health and Human Services, Administration for Children and Families provides funding through competitive grants to states and U.S. territories to develop nonmedical respite services for children with disabilities, chronic, or terminal illness, and develop emergency nursery services for children at risk of abuse and neglect. Respite (temporary relief for families) has proven to be a cost effective and much needed service to help support and preserve families.

Eligibility: Respite care grants are tied to different populations (e.g. families affected by HIV/AIDS, or people with disabilities). Families pay a fee on a sliding scale for respite care. Crisis nursery care (for families at risk of abuse) is open to any family, and has no fees

Funding source: 100% Federal (Dept. of Health and Human Services)

Appropriated to: DCFS

Administrative agency: DCFS

FY 95 Appropriation: Temporary (Respite) Child Care: \$672,500(3 grants); Crisis Nursery: 330,900(2 grants)

Child Care Resource and Referral

In 1990, Illinois created Child Care Resource and Referral (CCR&R) agencies in 16 Service Delivery Areas (SDAs) across the state. The CCR&Rs perform a variety of activities designed to expand and improve access to, and the quality of, child care, both subsidized and non-subsidized. Each CCR&R maintains a database of child care providers (licensed and license-exempt centers and homes). Each CCR&R contains a "Parent Services" division which gives families access to this database through "community [phone] lines" -- parents call and request a list of providers in the zip codes of their choice. Various types of information on each provider is included in the list. The community line counselors also educate callers about ways to evaluate the quality of a child care provider and other considerations in choosing child care. Callers pay a sliding fee for this service. Community line counselors also work with subsidy-eligible clients on issues particular to them, informing them how they may obtain a subsidy (e.g., by completing an IDFA child care application or getting on waiting lists for vouchers and/or center slots for non-AFDC families).

In addition, the CCR&Rs include a "Provider Services" division which performs functions ranging from recruiting new child care providers, helping license-exempt providers and individuals new to the field become licensed and/or start child care businesses (mostly family child care); and training providers in first aid, child development, education and enrichment, running a business, and other activities.

In the long term, the CCR&Rs will take over the administration of both IDPA and DCFS vouchered child care subsidies. In 1994, the CCR&R in SDA VI, Cook County, took over administration of IDPA's At-Risk and TCC programs; in 1995, the remaining CCR&Rs will also take on this responsibility as well as the administration of the Direct Pay program.

Eligibility: Any parent may use the services of the CCR&R; all legal providers may use the provider services

Funding Source: state General Revenue Funds and federal CCDBG

Appropriated to: DCFS

Administrative agency: DCFS, subcontracted to CCR&Rs in 16 SDAs

FY '95 Appropriation: CCR&R - \$1,006,400state GRF, plus \$2,866,100in CCDBG funds*

Provider Training - \$208,900state GRF, plus \$1,885,500in CCDBG funds*

*These CCDBG funds are also included in the Appropriation total on the "CCDBG" description on page 1.

Child Development Associate Scholarship Program

This is a federal grant program that provides scholarship funds to persons seeking credentials as a Child Development Associate in order to improve the quality of child care. Child care skills are improved through performance-based training, assessment, and credentialing of child care staff, home visitors and family day care providers. Eight CDA Competency Standards serve as the foundation for staff training and evaluation.

A Child Development Associate is a person able to work with parents and other adults in meeting children's specific needs and nurturing children's physical, social, emotional, and intellectual growth in a child development framework. To become credentialed, applicants must demonstrate the ability to work with young children, achieve the eight competency goals, and undergo an assessment made by professional and parent observers.

The process can take anywhere from three months to three years, depending on the applicant's experience and academic level. This credential is directed to persons without degrees (A.A., B.A., M.A., etc.).

Eligibility: Applicant's income must be under 150% of federal poverty level.

Funding source: 100% federal (Dept. of Health and Human Services)

Appropriated to: DCFS

Administrative agency: DCFS awards the scholarships; some training activities occur through the CCR&Rs

FY 95 Appropriation: \$61,381 (plus some rollover funds)

APPENDIX II

ILLINOIS DEPARTMENT OF PUBLIC AID (IDPA) PROGRAMS

JOBS Child Care

Families participating in all JOBS programs, including Project Chance, Opportunities, Young Parent Services/Teen Parent Initiative are AFDC recipients who are in job training or education program in order to move off of AFDC.

According to the Family Support Act of 1988, JOBS participants are entitled to child care assistance. In Illinois, JOBS child care expenses are paid through vouchers. Even AFDC recipients not officially enrolled in JOBS programs, but participating in like activities, are guaranteed child care by law.

Eligibility: Must be receiving AFDC and participating in the JOBS program or if JOBS program enrollment is closed, in a similar approved work or educational activity.

Funding source: 50% state General Revenue Funds; 50% federal match

Appropriated to: IDPA

Administrative agency: IDPA

FY 95 Appropriation: \$27.5 million

Work Pays: AFDC Plus Direct Pay Child Care

The Department of Public Aid provides a monthly cash grant and medical assistance to families qualifying for AFDC. AFDC is available to families with children deprived of support because of the death or absence of a parent or the incapacity or unemployment of a parent when both the father and mother reside in the home.

Under Illinois' innovative Work Pays program (implemented October, 1993), parents on AFDC can be employed while continuing to receive a cash grant, which is reduced \$1 for every \$3 earned, until their earnings exceed the federal poverty level.

According to the Family Support Act of 1988, all working parents on AFDC are entitled to child care assistance. In Illinois, payment of this child care is through a voucher issued through the Direct Pay program.

Eligibility: Working AFDC families in the Work Pays Program.

Funding source: 50% State GRF, 50% federal match

Appropriated to: IDPA

Administrative agency: IDPA

FY 95 Appropriation: \$18 million

Transitional Child Care (TCC)

This program, administered by IDPA, was formerly called Extended Day Care. The new program, TCC, was established by the Family Support Act of 1988, guaranteeing one year of child care assistance to families formerly on AFDC who lost their cash grant due to an increase in earned income. (In Illinois, families reach this point when they earn an income over the poverty line.) The intention of TCC is to assist working families without providing income support. Families receiving TCC pay a parent fee based on a sliding scale.

Eligibility: Families must have received AFDC for 3 of the last 6 months; families must apply within 12 months of cancellation of AFDC; families must be at or below 75% the 1991 state median income adjusted for family size.

Funding source: 50% state GRF; 50% federal Title IV-A match

Appropriated to: IDPA

Administrative agency: DCFS administers the TCC program in all areas except Cook County. The Cook County CCR&R administers this program in SDA VI

FY 95 Appropriation: \$12 million

IV-A "At-Risk"

The IV-A "At-Risk" Child Care program provides employment-related child care for working poor families "at-risk" of falling onto AFDC without child care assistance. In Illinois, IV-A "At-Risk" dollars have been targeted largely at parents who had completed their year of Transitional Child Care. Unfortunately, Illinois reached its federal cap of \$13,700,000 in November, 1993 and therefore the program was closed. At this time, the program is completely full and participant attrition rates have not yet made up for the over-enrollment that existed at the time of closure.

Eligibility: Families be at or below 75% the 1991 median state income adjusted for family size.

Funding source: 100% federal but the state must demonstrate having appropriated an equal amount of dollars (Illinois uses DCFS' Consolidated Child Care line item) in order to receive the funds up to the federal cap.

Appropriated to: IDPA

Administrative agency: DCFS administers the IV-A "At-Risk" program in all areas except Cook County. The Cook County CCR&R administers this program in SDA VI.

FY 95 Appropriation: \$17.9 million (although the federal cap is \$13.7 million, \$4.2 million was rolled over from FY 94).

Donated Funds Initiative (DFI)

DFI was established in 1978 so that federal Social Services Block Grant funds could be used to encourage cooperative social service delivery efforts between local public and not-for-profit providers and the state. A variety of social services are provided by local agencies through contractual agreements with IDPA. Local agencies raise a 25% match from local charities, often the United Way.

IDPA contracts with DCFS, which in turn contracts with local child care facilities to provide child care for low-income families who are in employment or training.

Eligibility: Parents must be working, or in an education or training program. Sliding fee scale based on the 1991 state median income. Families must be at or below 75% of the median income adjusted for family size.

Funding source: 75% federal funds come from the SSBG; contracts require a 25% match in local private, charitable dollars

Appropriated to: IDPA

Administrative agency: DCFS

FY 95 Appropriation: Slightly under \$4 million

ILLINOIS STATE BOARD OF EDUCATION (ISBE) PROGRAMS

State Prekindergarten

The state Pre-K program (Prekindergarten Program for Children at Risk of Academic Failure) was established in 1985 to provide grants to public school districts. The districts conduct screening programs to identify children ages 3 to 5 who are at risk of academic failure and provide appropriate educational programs for those children to increase their likelihood of school success. Projects must serve children and families in developmentally appropriate classrooms or in home-based programs. There are four program components: screening, education, parent involvement and evaluation.

Eligibility: Children aged 3-5 deemed at risk of academic failure; no income eligibility requirement

Funding source: 100% state general revenue funds

Appropriated to: ISBE

Administrative agency: ISBE

Total 95 Appropriation: \$92,719,400

Chapter I

Chapter I is a federal program designed to supplement local and state school funding for educationally disadvantaged children, grades K-12. Illinois Chapter I provides educational programs in reading, math and language arts for educationally disadvantaged children in targeted schools districts; districts are targeted based on poverty. Each district receives funds based on the number of low-income children residing in the district. School districts subsequently target the funds to the poorest schools. Each school provide programs and instruction to children deemed educationally disadvantaged in order to bring them up to grade level. Chapter I programs are locally designed, including methods for identifying which children to serve, though most programs accomplish this through testing. Chapter I funds can be used in a broad variety of ways, including funding teaching supplies, materials, etc.

Eligibility: Educationally disadvantaged children in low-income school districts

Funding: 100% Federal

Appropriated to: ISBE

Administered by: ISBE/Local school districts

FY 95 Appropriation: \$289,482,754(for all children, not only those 0-8)

Individuals with Disabilities Education Act: Part H, 0 to 3 years

In FY 1991, Part H of the Federal Individuals with Disabilities Education Act amended the Education of the Handicapped Act to include infants and toddlers (0 to 3 years of age) and their families. In Illinois the Early Intervention System Act became effective in September, 1991 and stipulated that an Interagency Council on Early Intervention be established to govern the statewide early intervention service system. The Council is comprised of 10 state agencies, led by the State Board of Education, and is responsible for planning and implementing a coordinated system of statewide councils and service providers. Part H-funded Local Interagency Councils (LICs) have been established throughout the state to provide local planning and governing councils which oversee the early intervention service system. These planning processes are supplemented with special Part B funds (for 3- to 5-year-olds) to coordinate services for children with disabilities aged 0 through 5. Most Part H funds are used for planning costs and systems implementation costs; however, some direct service costs may be covered if specific early intervention programs need assistance in meeting the system's standards.*

In Illinois, eligible children include those with physical or mental conditions likely to result in developmental delays, those experiencing delays in development of cognitive, physical, language speech\communication and/or psycho-social development, and those experiencing specific, identified environmental risk factors

Education and early intervention services are not an entitlement for children 0 through 2, unlike Part B, on the following page. Special Education services are an entitlement for all children 3 to 21 years.

Eligibility: Developmentally delayed 0 - 3 year olds.

Funding source: 100% federal (United States Dept. of Education)

Appropriated to: ISBE

Administrative agency: ISBE

FY 95 Appropriation: \$11,106,525(grant to be received by Illinois during federal FY1995, not the amount appropriated in the state FY 1995 budget)

*See Appendix V - DMHDD for information on funding of early intervention services.

Individuals with Disabilities Education Act - Part B, 3-21 years

Once a disabled child reaches age 3, schools are mandated to provide special education services through his/her twenty-first year. Part B of this federal program funds these programs. Priority for these funds is given to unserved and underserved children and youth. Part B funds provide special education services including direct instruction, related services that enable the child to participate in school or instruction (e.g., physical therapy, assistive technology, and transportation); and support services for agencies, classrooms, etc. (e.g., purchasing of material/supplies and in-service training).

ISBE is awarded funds under Part B per child served. A special pre-school program awards additional funds for enrolled children ages 3 to 5; these funds are used to supplement Part H funds in the planning for statewide services for children through the age of five. In addition, the supplementary support for preschool children funds parental training that supports parents in dealing with their child's disability (e.g. necessary medical, therapeutic or other skills needed by the parent).

Special education services for children 3+ are an entitlement; under 3 (early intervention) is not.

Eligibility: All children, age 3 through 21, in need of special education services

Funding source: 100% federal (U. S. Department of Education)

Appropriated to: ISBE

Administrative agency: ISBE

FY 95 Appropriation: Part B base funding (3 - 21 years old) \$88,025,762*; Special pre-school supplement for each child 3-5 served: \$17,545,222; Total \$105,570,984

*78.5% of these funds flow through to school districts

21.5% is discretionary funds (10.75% used for room & board costs, 5.75% general discretionary)

5.0% is used for administration

Even Start Family Literacy Program

Through the federal Chapter I program (part B), the ISBE provides grants to school districts or community-based organizations to provide early childhood education activities for parents and children together, parenting education, and adult education for parents. The projects are designed to be integrated in a way that builds on existing community resources. Children 0 through 7 who reside in Chapter I designated elementary school areas, are targeted, along with their families if their are adults in the family who are eligible of adult basic education.

In FY 1995, twenty projects in 7 community-based organizations and 13 public school districts were funded.

Eligibility: Children 0 - 7 and their families in Chapter I designated areas

Funding Source: 100% federal

Appropriated to: ISBE

Administered by: ISBE

FY 95 Appropriation: \$3,663,331(for federal FY 1995)

Child and Adult Care Food Program (CACFP)

The Child and Adult Care Food Program is an extension of the Federal School Lunch Act. The child-targeted portion of the program is designed to improve the nutrition and eating habits of young children. The funds are distributed in the form of financial reimbursements to licensed family child care homes and centers for meals served to children in care. Private agencies serve as program sponsors and administer the program, as well as offer nutrition training and a variety of services to fulfill the USDA's mission. Monthly reimbursement payments are based on the number of children and meals served at a set rate for each meal or snack.

Any public or private non-profit institution or sponsored facility that has tax-exempt status (child care centers, school-age centers, Head Start programs, and institutions providing care for people with disabilities) may participate; for profit institutions in which more than 25% of the children are subsidized by Title XX funds may also participate. All licensed family day care homes may participate in the program under the sponsorship of a non-profit agency.

Eligibility: Children under twelve in a qualifying facility; migrant children up to age 15, and mentally or physically disabled people if they are enrolled in a facility that serves a majority of people under 18.

Funding source: 100% Federal (United States Department of Agriculture)

Appropriated to: USDA; Sponsors submit a claim form to ISBE, which reimburses them and submits a claim to the USDA regional office in Chicago. Funds do no flow through the state budget

Administrative agency: ISBE

Federal FY 94 (10/1-9/30 '94) reimbursements in Illinois: \$46,283,071.52(as of Oct. 21)

APPENDIX IV

FEDERAL PROGRAMS

Head Start

Head Start provides child development services to children of low-income families. Three central characteristics of Head Start, comprehensive services, parent involvement, and community involvement, ensure that the program is responsive to children, their families, and their communities. Head Start provides social services, health, education, and parent involvement in order to help low-income children get ready to enter school. Family needs are also addressed including housing, job training, health care, emotional support and family counseling. Parents volunteer in the classroom and learn about working with young children. Many go on to be trained to work in Head Start and other careers in early childhood. Head Start parents comprise half of each program's policy council. Head Start programs are run by public and private non-profit organizations with strong roots in their communities. Head Start also uses local community resources to bolster the provided services, forging partnerships with social services, health, education and recreation agencies as well as colleges and universities, volunteer groups, libraries and others.

The programs are generally part-day, academic-year programs based in centers though there are home-based programs in many parts of the state. Most Head Start centers serve children ages 3-5, but the Parent and Child Center serves children ages 0-3; in Illinois there are three Parent and Child Centers and thirty-seven local grantees, each of these agencies support multiple Head Start sites.

Eligibility: At least 90% of each program's participants must meet federal poverty guidelines (in 1993, a family of three making under \$11,900) Up to 10% of children may be from families with incomes above the poverty line. 10% of the enrollment opportunities must be made available to children with disabilities

Funding Source: 100% federal (Department of Health and Human Services (HHS))

Appropriated to: NA

Administrative Agency: 37 local grantee agencies

FY 94 Appropriation: \$136,958,269million

Prevention Initiative

Since 1988 ISBE has provided grants to public and not-for-profit agencies to establish Prevention Initiative programs designed to reduce school failure by coordinating and expanding health, social, and/or child development services to at-risk children under three and their families in Families With A Future (Infant Mortality High Risk) areas. The Prevention Initiative Programs focus on the child and family by utilizing a network of human service agencies: the Department of Mental Health\Developmental Disabilities, the Department of Public Aid, the Department of Public Health, the Department of Children and Family Services, the Department of Rehabilitation Services, and the Department of Alcoholism and Substance Abuse.

Sixteen Prevention Initiative projects, serving over 1,300 children and 1,100 families, have been funded for FY 1995.

Eligibility: At-risk infants and toddlers in families who reside in Families With a Future areas.

Funding source: 100% State General Revenue

Appropriated to: ISBE

Administrative agency: ISBE

FY 94 Appropriation: \$2 million

Model Early Childhood Parental Training Program

The Model Early Childhood Parental Training Program was established to allow the Illinois State Board of Education award grants to public school districts to conduct training programs for the parents of children 0 - 5. The Parental Training Program includes the following areas of instruction and training: child growth and development, parental development; childbirth and child care; family structure, family function and management; prenatal and postnatal care for mothers and fathers; prevention of child abuse; the physical, mental, emotional, social, economic and psychological aspects of interpersonal and family relationships; and parenting skills development. In addition to helping parents to learn about their children's early developmental needs, the program enables school districts to build relationships with parents in the community prior to the time their children enter school, helping to raise parents' comfort level and familiarity with the school and personnel.

The funds are distributed to a limited number of projects through a Request For Proposal process; local school districts, sometimes in association with local private agencies, apply for the funds to run programs. Eighty-six Parental Training projects, serving 238 school districts have been funded for FY 1995.

Eligibility: Any parent in districts with the program that have a child who is below the age of kindergarten entry

Funding source: 100% state General Revenue Funds

Appropriated to: ISBE
Administrative agency: ISBE
FY 94 Appropriation: \$3.9 million

Even Start Family Literacy Program

Through the federal Chapter I program (part B), the ISBE provides grants to school districts or community-based organizations to provide early childhood education activities for parents and children together, parenting education, and adult education for parents. The projects are designed to be integrated in a way that builds on existing community resources. Children 0 through 7 who reside in Chapter I designated elementary school areas, are targeted, along with their families if there are adults in the family who are eligible of adult basic education.

In FY 1995, twenty projects in 7 community-based organizations and 13 public school districts were funded.

Eligibility: Children 0 - 7 and their families in Chapter I designated areas

Funding Source: 100% federal

Appropriated to: ISBE

Administered by: ISBE

FY 95 Appropriation: \$3,663,331 (for federal FY 1995)

Child and Adult Care Food Program (CACFP)

The Child and Adult Care Food Program is an extension of the Federal School Lunch Act. The child-targeted portion of the program is designed to improve the nutrition and eating habits of young children. The funds are distributed in the form of financial reimbursements to licensed family child care homes and centers for meals served to children in care. Private agencies serve as program sponsors and administer the program, as well as offer nutrition training and a variety of services to fulfill the USDA's mission. Monthly reimbursement payments are based on the number of children and meals served at a set rate for each meal or snack.

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Eligibility: Children under twelve in a qualifying facility; migrant children up to age 15, and mentally or physically disabled people if they are enrolled in a facility that serves a majority of people under 18.

Funding source: 100% Federal (United States Department of Agriculture)

Appropriated to: USDA; Sponsors submit a claim form to ISBE, which reimburses them and submits a claim to the USDA regional office in Chicago. Funds do not flow through the state budget

Administrative agency: ISBE

Federal FY 94 (10/1-9/30 '94) reimbursements in Illinois: \$46,283,071.52 (as of Oct. 21)

FEDERAL PROGRAMS

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Funding Source: 100% federal (Department of Health and Human Services (HHS))

Appropriated to: NA

Administrative Agency: 37 local grantee agencies

FY 94 Appropriation: \$136,958,269million

National and Community Service Trust Act - AmeriCorps

The National and Community Service Trust Act established the AmeriCorps program as a "new domestic peace corps." AmeriCorps pays \$7,600 in living expenses and \$4,700 in educational awards to each participant or "member" for one year of service. Illinois is participating in the ChildCorps Program which will provide 18 full-time and 4 part-time AmeriCorps members statewide, through 14 CCR&R agencies. In augmenting the staff at these R&Rs, members will improve the availability, accessibility, cost, and quality of child care and education in every county in the state. All of the 14 participating R&R agencies are collaborating with community organizations and institutions in identifying and addressing the needs of children and families in their SDA. Each ChildCorps member will participate in statewide training and in varied experiences and contacts made during the year of service. Continuation in the field of early childhood and active involvement in the community are expected outcomes for 80 percent to 90 percent of the members.

Eligibility: NA

Funding source: 100 % Federal (U.S. Department of - education?)

Appropriated to: the Illinois Child Care Resource and Referral fiscal agent, Rend Lake Community College, the CCR&R agency for SDA XV

Administrative agencies: R&R agencies in 14 of the state's 16 R&R SDAs

FY 95 Budget (Illinois): \$270,500

APPENDIX V

ILLINOIS DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES (DMHDD)

Early Intervention Project

The Early Intervention Project serves infants and toddlers (birth to three years) who are diagnosed as developmentally disabled, are experiencing developmental delay or have a high probability of developmental delay. The project provides funding to qualifying programs for assessment of cognitive, physical (including vision and hearing), social/emotional development; the need for psychological services, physical, occupational, and/or speech therapy services; and other areas of development. The child is then provided with appropriate developmental, therapeutic and psychological services. The project also funds supportive services such as service facilitation (accessibility, availability, continuity of care) and related services such as transportation.

Eventually, these services will be provided through the early intervention system being planned for by the Illinois Interagency Council on Early Intervention and the Local Interagency Councils.

Eligibility: Children under 36 months of age who are diagnosed with developmental disability, experiencing developmental delay or high probability of developmental delay.

Funding source: State GRF & Federal Chapter I Early Intervention Project (U. S. Department Education)

Appropriated to: DMHDD

Administrative agency: DMHDD & ISBE

FY 95 Appropriation: State: \$9.4 million; Federal: \$1.3 million

ILLINOIS DEPARTMENT OF COMMERCE AND COMMUNITY AFFAIRS (DCCA)

Job Training and Partnership Act Child Care

The Job Training and Partnership Act (JTPA) is a job training program administered by the Illinois Department of Commerce and Community Affairs. JTPA pays for job training programs and any needed supportive services including child care. The exact amount of JTPA dollars spent on child care expenses is not available. However, in program year 1993, 2,432 JTPA participants received assistance with child care at the same subsidized payment rate paid by IDPA and DCFS for other state-administered child care.

Eligibility: Participating in JTPA activities

Funding Source: 100% Federal (US Department of Labor)

Appropriated to: DCCA

Administrative body: DCCA

FY 95 Appropriation: Child care portion not possible to determine

PUBLIC/PRIVATE PROGRAMS

The Illinois Family-to-Family Initiative

Established in 1988, Family-to-Family is a private child care development initiative which is spearheaded and partially funded by Dayton-Hudson Foundation, Mervyn's and Target Stores. The project has two goals: 1) develop partnerships with local non-profit agencies to recruit, train and accredit family child care providers; and 2) heighten parents' and policymakers' awareness of the importance of *quality* child care. Currently the national program has 28 sites in 18 states. The Illinois Family-to-Family Initiative is in Chicago and is the largest site with an award of \$500,000 of core corporate funds over 3 years. The initiative reaches out to providers in Cook, Kane, DuPage, Lake and McHenry Counties through the Cook County CCR&R agency. The Illinois Family-to-Family Initiative is a three-year project due to continue through December of 1995.

Various Chicago-area foundations and businesses, as well as DCFS have awarded the Illinois Family-to-Family Initiative additional grants, to carry out its core activities such as recruiting, mentoring of home providers, providing advanced training for seasoned providers and increasing the number of accredited child care providers (both homes and centers). It is important to note that the ongoing success of any of Family-to-Family's initiatives is dependent on ability to reach providers through the statewide CCR&R network (a network established initially through a blending of private United Way dollars and federal and state child care funds). As such, Family-to-Family has always been a public-private collaboration. The Illinois Family to Family Initiative's current budget \$1.3 million of private funds has endowed it with enough financial leverage to move into administering public funds. By the end of 1997, Family-to-Family will have administered \$385,000 of IDPA funds.

Eligibility: NA

Funding Source: Private corporate and foundation funding

Appropriated to: NA

Administrative agency: Illinois Family to Family Initiative & the Cook County CCR&R

FY '95 Budget: \$1.3 million